

November 30, 2004

Publication 1346 Part I - File Specification Changes #5

The changes are identified by two vertical bars in the right margin (||).

Deletions are identified by a hyphen followed by two vertical bars (-||).

All changes have been implemented for PATS Testing.

ERC 0970 Revised text to add exception

Part 1 - File Specification, Section 1, Data Communication

Processing chart for 1040 E-file was revised to include EFIN information

Part 1 - File Specification, Section 13, Electronic Signatures Spec.

Subsection 2, Taxpayer Eligibility Requirements for the ... was revised.

Subsection 4, Taxpayer Eligibility Requirements for the ... was revised.

Subsection 11, Self-Select PIN Method Questions and Answers

Question #3, #6, #12, #16, 29, and #30 were revised

Subsection 12, Practitioner PIN Method Questions and Answers

Question #8 was revised

ATTACHMENT 1

ERROR REJECT CODE (ERC) CROSS REFERENCES

ERC

DESCRIPTION

0970 o Form 1116 - When Financial Services Income (SEQ 0040) equals "X", Financial Services Income Statement (SEQ 0045) must equal "STMbnn".

Exception: When Financial Services Income (SEQ 0040) equals "X" on two Forms 1116 and the Alt. Min. Tax Literal (SEQ 0010) is significant on one of the two Forms 1116, Financial Services Income Statement (SEQ 0045) must equal "STMbnn" only for the Form 1116 on which the Alt. Min. Tax Literal (SEQ 0010) is not significant.

SECTION 1 - DATA COMMUNICATION

Beginning in November, 2004, Electronic Filers will transmit over the Public Switched Telephone Network or through the internet to the Front End Processing System (FEPS) located at the Enterprise Computing Center (ECC) at Memphis, Tennessee and or Martinsburg, West Virginia.

NOTE: IRS plans to discontinue dial-up access to the FEPS by November 2005.

HISTORICAL NOTE: In 1996, IRS began phasing in a UNIX-based Front End Processing Subsystem (FEPS), also known as the Electronic Management System (EMS), at the Enterprise Computing Center (ECC) at Memphis (formerly known as Tennessee Computing Center (TCC)) to eventually replace all of the IBM Series/1 Data Communications Subsystem (DCS). In processing year 1997, the Tennessee Computing Center (TCC) replaced the Series/1 DCS with the new FEPS.

In 1997, the Austin Service Center (AUSC) also began phasing in the FEPS and in 1999 phased out the IBM Series/1. Beginning with PATS 1999, the IBM Series/1 mini-computers were retired from Andover (ANSC), Cincinnati (CSC), and Ogden Service Centers (OSC). Instead of installing the new FEPS in these centers all sites began using the FEPS in the ECC at Martinsburg, WV and Memphis, TN.

The following transmission rules apply:

Processing for 1040 e-file in 2005
Tax Year 2004
JANUARY 2005 - JUNE 2005 Return Transmissions

If Fed/State or State only return and the State return included is for the following state; OR If Online Federal return only and the taxpayer's address on their Federal return is in the following state:	Return Processing Center and Site Designator*	<u>Error Resolution System Correspondence</u>	<u>e-Help Desk</u> 1-866-255-0654 Send Form(s) 8453/8453-OL to:
Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, APO/FPO New York	C - Andover	Andover	Andover
Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Tennessee	D - Memphis	Memphis	e-Help Desk - Memphis Form 8453/8453OL - Austin
Illinois, Iowa, Kansas, Minnesota, Missouri, New Mexico, Oklahoma, Texas, Wisconsin	E - Austin	Austin	Austin
Florida, Indiana, Kentucky, Michigan, Ohio, South Carolina, West Virginia, APO/FPO Miami	F - Kansas City	Kansas City	Andover
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, APO/FPO San Francisco Foreign and U.S. Possession addresses, returns containing U.S. Possession forms, Forms 2555/2555-EZ, Forms 8833 or Forms 8891	G - Philadelphia	Kansas City	Austin
If Federal return only and the first two digits of the ERO's Electronic Filing Identification Number(EFIN) are:			
01,02,03,04,05,06,11,13,14,16,22,23,25,51,52,54,78	C - Andover	Andover	Andover
56,58,62,63,64,71,72	D - Memphis	Memphis	e-Help Desk - Memphis Form 8453/8453OL - Austin
36,37,39,41,42,43,48,73,74,75,76,85	E - Austin	Austin	Austin
31,34,35,38,55,57,59,61,65	F - Kansas City	Kansas City	Andover
30,33,45,46,47,66,68,77,81,82,83,84,86,87,88,91,92,93,94,95,96,98,99	G - Philadelphia	Kansas City	Austin

*Site Designators are entered in the TRANA Record
Fed/State Participants are shown in bold print

SECTION 1 - DATA COMMUNICATION

Processing for 1040 e-file in 2005
Tax Year 2004 continued

JULY 2005 - OCTOBER 2005 Return Transmissions

<p>If Fed/State or State only return and the State return included is for the following state; OR</p> <p>If Online Federal return only and the taxpayer's address on their Federal return is in the following state:</p>	<p>Return Processing Center and Site Designator</p>	<p><u>Error Resolution System Correspondence</u></p>	<p><u>e-Help Desk</u> 1-866-255-0654</p> <p>Send Form(s) 8453/8453-OL to:</p>
<p>Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, APO/FPO New York</p>	<p>C - Andover</p>	<p>Andover</p>	<p>Andover</p>
<p>*Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Tennessee</p>	<p>F - Kansas City</p>	<p>Kansas City</p>	<p>Austin</p>
<p>Illinois, Iowa, Kansas, Minnesota, Missouri, New Mexico, Oklahoma, Texas, Wisconsin</p>	<p>E - Austin</p>	<p>Austin</p>	<p>Austin</p>
<p>Florida, Indiana, Kentucky, Michigan, Ohio, South Carolina, West Virginia, APO/FPO Miami</p>	<p>F - Kansas City</p>	<p>Kansas City</p>	<p>Andover</p>
<p>Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, APO/FPO San Francisco Foreign and U.S. Possession addresses, returns containing U.S. Possession forms, Forms 2555/2555-EZ, Forms 8833 or Forms 8891</p>	<p>G - Philadelphia</p>	<p>Kansas City</p>	<p>Austin</p>
<p>If Federal return only and the first two digits of the ERO's Electronic Filing Identification Number(EFIN) are:</p>			
<p>01,02,03,04,05,06,11,13,14,16,22,23,25, 51,52,54,78</p>	<p>C - Andover</p>	<p>Andover</p>	<p>Andover</p>
<p>*56,58,62,63,64,71,72</p>	<p>F - Kansas City</p>	<p>Kansas City</p>	<p>Austin</p>
<p>36,37,39,41,42,43,48,73,74,75,76,85</p>	<p>E - Austin</p>	<p>Austin</p>	<p>Austin</p>
<p>31,34,35,38,55,57,59,61,65</p>	<p>F - Kansas City</p>	<p>Kansas City</p>	<p>Andover</p>
<p>30,33,45,46,47,66,68,77,81,82,83,84,86, 87,88,91,92,93,94,95,96,98,99</p>	<p>G - Philadelphia</p>	<p>Kansas City</p>	<p>Austin</p>

*Former Memphis returns to be designated to Kansas City along with e-help desk support and Form 8453/8453OL submissions in Austin.

Note: Transmitters, who previously transmitted to Memphis from January-June 2005, should contact the Austin e-help desk to obtain the Kansas City transmission phone number.

Section 13 - Electronic Signatures Specifications

02. Taxpayer Eligibility Requirements for the Self-Select PIN Method

The following taxpayers are eligible to use this option:

- Taxpayers who filed Form 1040, 1040A, or 1040EZ or Telefile for Tax Year **2003**.
- Taxpayers who filed Form 1040 PR for TY **2003**, who are eligible to file Form 1040 for Tax Year **2004**.
- Taxpayers who did not file for Tax Year **2003**, but have filed previously.
- Taxpayers who are 16 or older on or before December 31, **2004**, who have never filed a tax return.
- Primary taxpayers under age 16 who have filed previously. -|
- Secondary taxpayers under age 16 who have filed in the immediate prior year. -|
- Military personnel residing overseas with APO/FPO addresses.
- Taxpayers residing in the American Possessions of the Virgin Islands, Puerto Rico, America Samoa, Guam and Northern Marianas, or with foreign country addresses.
- Taxpayers filing Form 4868 (extension of time to file), Form 2688 (additional extension of time to file) or Form 2350 (extension for certain U.S. citizens living aboard).
- Those who are filing on behalf of deceased taxpayers.

The following taxpayers are NOT eligible to participate:

- Primary taxpayers under age 16 who have never filed.
- Secondary taxpayers under age 16 who did not file in the immediate prior year.
- Taxpayers who filed Forms 1040-NR or 1040-SS for Tax Year **2003**.
- Taxpayers **required to file the following forms, which must be attached to Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Returns or Form 8453-OL, U.S. Individual Income Tax Declaration for an IRS e-file Online Return:**
 - Form 3115, Application for Change in Accounting Method,
 - Form 3468, Computation of Investment Credit (if **historical Structure Certificate is required**),
 - Form 5713, International Boycott Report,
 - Form 8283, Non-Cash Charitable Contributions (if using Part B),
 - Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents,
 - **Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities**, and
 - **Form 8885, Health Care Tax Credit**

Section 13 - Electronic Signatures Specifications

04. Taxpayer Eligibility Requirements for the Practitioner PIN Method

The following taxpayers are eligible to use this option:

- Taxpayers who are eligible to file Forms 1040, 1040A, or 1040EZ or Telefile.
- Military personnel residing overseas with APO/FPO addresses.
- Taxpayers residing in the American Possessions of the Virgin Islands, Puerto Rico, America Samoa, Guam and Northern Marianas, or with foreign country addresses.
- Taxpayers filing Form 4868 (extension of time to file).
- Those who are filing on behalf of deceased taxpayers.

The following taxpayers are NOT eligible to participate:

- Taxpayers required to file the following forms, which must be attached to Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Returns:
 - Form 3115, Application for Change in Accounting Method,
 - Form 3468, Computation of Investment Credit (if Historic Structure Certificate is required),
 - Form 5713, International Boycott Report,
 - Form 8283, Noncash Charitable Contributions (if using Part B),
 - Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents,
 - Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities, and
 - Form 8885, Health Care Tax Credit

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Section 13 - Electronic Signatures Specifications

.11 Self-Select PIN Method Questions and Answers continued

3. Are there any taxpayers not eligible to use the Self-Select PIN method?

The following taxpayers are not eligible to use the Self-Select PIN method:

- Primary taxpayers under age 16 that have never filed.
- Secondary taxpayers (spouse) under age 16 that did not file in the immediate prior year.
- Taxpayers who filed Forms 1040-NR or 1040-SS for Tax Year 2003.
- Taxpayers **required to file the following forms, which must be attached to Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Returns or Form 8453-OL, U.S. Individual Income Tax Declaration for an IRS e-file Online Return:**
 - Form 3115, Application for Change in Accounting Method,
 - Form 3468, Computation of Investment Credit (if Historic Structure Certificate is required),
 - Form 5713, International Boycott Report,
 - Form 8283, Non-Cash Charitable Contributions (if using Part B),
 - Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents,
 - Form 8858, Information Return of U.S. Individual Persons with Respect to Foreign Disregarded Entities, and
 - Form 8885, Health Coverage Tax Credit.

4. What if the taxpayer did not bring in last year's tax return or the taxpayer is a new client? How can they get the original Adjusted Gross Income (AGI)?

The taxpayer may call the IRS toll free number at 1-800-829-1040. If they can provide certain information to the Customer Service Representative (such as their name, SSN and current address), they may receive the original AGI amount over the phone or they may request a free transcript. Allow 7 to 10 days to receive the transcript. (Taxpayer should be sure to ask for the Original AGI so they can file electronically using a Self-Select PIN)

5. If the taxpayer has never filed a tax return or did not need to file a tax year 2003 return, what amount do they enter for the original AGI?

Enter zero ("0") for the original AGI. Do not leave this field blank. The return will reject if the field is left blank for a zero amount.

6. If the taxpayer changed filing status from their 2003 tax return, what Adjusted Gross Income (AGI) do I use?

If the change is **to** Married Filing Jointly, then each taxpayer will use their individual original Adjusted Gross Income from their respective 2002 tax returns. If the change is **from** Married Filing Jointly, then both taxpayers will use the same original Adjusted Gross Income from the 2002 joint return.

7. What AGI amount should be used for a taxpayer that filed jointly with a different spouse in the prior year?

Use the AGI amount from the joint return filed with the ex-spouse.

Section 13 - Electronic Signatures Specifications

.11 Self-Select PIN Method Questions and Answers continued

8. What AGI amount should be used when one taxpayer of the joint return earned all the wages?

Both taxpayers on the joint return will use the FULL AGI amount from the originally filed return. The AGI amount should not be allocated between the primary and the spouse.

9. If my client filed an amended tax return last year, what AGI amount should they use?

Your client must use the Original AGI amount from the originally filed return. The return will reject if the amended AGI amount is used.

10. If my client filed their prior year tax return after April 15, what AGI amount should they use?

If you clients' TY 2003 tax return was not received and processed by December 18, 2004, they must enter "0" (zero) as their AGI amount. In the event their return is rejected due to a mismatch of AGI, they can resubmit their return using their actual values.

11. If my clients' prior year AGI is negative what should they use?

If your client's prior year AGI is negative, they need to enter the AGI as a negative amount.

12. If the taxpayer does not want to use the PIN, can they still file their return electronically?

Yes, have the taxpayer sign Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return. The ERO must mail Form 8453 to the IRS within three business days after acknowledgement from the IRS that the return was accepted. ||

13. If the taxpayer uses a PIN and owes taxes, can they pay the balance due electronically?

Yes. Taxpayers who use a PIN may pay their balance due by electronic funds withdrawal or credit card.

14. Is the Self-Select PIN a Universal PIN?

No. It is used as the taxpayer's electronic signature on their 2003 Individual Income Tax Return only.

15. Can the taxpayer use the same PIN next year?

Yes, or they may choose any 5 numbers except all zeroes.

16. What happens if two taxpayers select and use the same PIN?

It is acceptable for two taxpayers to choose the same five digit PIN. The taxpayer's personal information provided to the IRS is used to verify the taxpayer's identity. ||

Section 13 - Electronic Signatures Specifications

.11 Self-Select PIN Method Questions and Answers continued

25. Is it acceptable for an ERO and/or software program to generate or assign the five digit PIN the taxpayer will use to sign his e-file return?

Yes, an ERO may determine the taxpayer's PIN if certain conditions are met. In all instances, the taxpayer shall retain the right to select his or her own PIN. If the taxpayer agrees to allow the ERO to determine the taxpayer PIN, the taxpayer will consent to the ERO's choice by completing and signing a Form 8879 which contains the taxpayer PIN used as the return signature. The taxpayer PIN can be systemically generated or manually assigned by the ERO.

26. Is it acceptable to the ERO to choose the same PIN for multiple clients?

Yes, it is acceptable to assign the same PIN for multiple clients.

27. Can a married taxpayer filing a joint return pick the PIN and enter it for his/her spouse?

No. The taxpayer that is not present to personally enter their PIN must complete Form 8879 to authorize their tax professional to input the PIN for them.

28. Do both taxpayers filing a joint return have to authorize the tax professional to input their PINs?

No, only the taxpayer that is not present to sign the return should authorize the preparer to enter their PIN. If neither spouse is present to sign a joint return, each can authorize the preparer to enter his/her respective PIN. But a spouse who is present should enter his/her own PIN, even if the preparer has authorization to enter the other spouse's PIN.

29. What is my responsibility as a return preparer using Form 8879 when the taxpayer completed their own return?

As a return preparer, your responsibility is to provide the taxpayer with Form 8879 along with their return for review. You are required to generate or enter the header information, **tax return** five line items in Part I, and the ERO firm name in Part II. **You may also systemically generated or manually assigned the taxpayer PIN in Part II.** ||

30. When does the taxpayer complete Form 8879?

If you prepared the return, the taxpayer must complete Form 8879 after they have reviewed the prepared return. If the taxpayer provided a completed return for transmission, the Form 8879 and PIN selection can be completed without reviewing the electronic return. You must receive the completed Form 8879 from the taxpayer before you transmit the return or release it for transmission to the IRS.

Tax return line items in Part I must be entered on Form 8879 before the taxpayer signs. ||

31. Can a taxpayer complete Form 8879 and fax it to the ERO?

Yes. Form 8879 can be signed and returned to the ERO via fax transmission. However, the ERO must retain Form 8879 in their file for three years from the Return Due Date or IRS Received Date, whichever is later.

32. Do I provide a copy of the completed Form 8879 to the taxpayer for their records?

Provide a copy of the completed Form 8879 for those taxpayers requesting one. You may provide a copy to other taxpayers, but you are not required to do so.

Section 13 - Electronic Signatures Specifications

.12 Practitioner PIN Method Questions and Answers continued

7. Is there an authorization form required for filing Form 4868 using the Practitioner PIN method?

Yes. Complete Form 8878, for Form 4868 filed using the Practitioner PIN method. Remember that a signature is only required on Form 4868 when there is an Electronic Funds Withdrawal.

8. What is my responsibility as an ERO using the Practitioner PIN method?

EROs are required to sign Form 8879, Part III, inputting their ERO EFIN/PIN for all returns using the Practitioner PIN **method**. The ERO EFIN/PIN consist of eleven digits (the first six positions is the EFIN and the last five is any five numbers except ALL zeros). Prior to transmitting returns to IRS, EROs should confirm the identity of taxpayers per Publication 1345 when completing Form 8879, prior to transmitting returns to IRS.

9. Do I mail Form 8879 or Form 8878, IRS e-file Signature Authorization, to the IRS?

No. Do not mail Form 8879 and Form 8878 to the IRS. EROs using the Practitioner PIN method must retain Forms 8879 and 8878 for three years from the return due date or IRS received date, whichever is later. Electronic storage is also acceptable.

10. Will receive an Acknowledgement that the Practitioner PIN method was used?

Yes. A PIN Presence Indicator of "1" will be present in the Acknowledgement File Key Record of a return when the Practitioner PIN is used. Please be sure to check the Acknowledgement File for the PIN Presence Indicator on all returns transmitted using a PIN signature.

11. Will the ERO PIN be acknowledged as well?

If the ERO PIN is not present, the return will reject displaying an error reject code.

12. Where can I find the Error Reject Codes for the Practitioner PIN method?

The Error Reject Codes can be found in the Publication 1345A, Filing Season Supplement for Authorized IRS e-file Providers and in Section 10 of this publication.